

1912

Uniform classification of accounts for gas corporations

California. Railroad Commission

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UNIFORM CLASSIFICATION OF ACCOUNTS

FOR

GAS CORPORATIONS

PRESCRIBED BY THE

RAILROAD COMMISSION

OF THE

STATE OF CALIFORNIA

Adopted October 23, 1912 Effective January 1, 1913

SAN FRANCISCO, CALIFORNIA

FRIEND WM. RICHARDSON, SUPERINTENDENT OF STATE PRINTING
SACRAMENTO, CALIFORNIA

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RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

CLASSIFICATION OF ACCOUNTS

TO ALL GAS, WATER AND ELECTRIC CORPORATIONS:

The Railroad Commission at a meeting held on April 7, 1922, ordered that from and after July 1, 1922, the uniform classification of accounts for gas and electric corporations, effective January 1, 1913, and the uniform classification of accounts for water corporations effective January 1, 1920, be modified by adding thereto the following balance sheet accounts:

28a. Consumers' Advances for Construction.

To this account should be credited cash advanced by consumers to cover the cost of extensions or for other specific purposes, in cases where such amounts are to be refunded in whole or in part. Separate sub-accounts should be maintained for each contribution.

After the consumer has been refunded the entire amount to which he is entitled under the agreement or rule, the balance, if any, as shown by the sub-account, shall be transferred to account 28b "Donations in Aid of Construction."

28b. Donations in Aid of Construction.

To this account shall be credited cash or other property donated by municipalities, individuals or others where there is no agreement for refund in whole or in part.

If the donation is made in any form other than cash the amount to be credited to this account and concurrently debited to appropriate fixed capital account, shall be its money value, estimated if not known, at date acquired.

Separate sub-accounts shall be maintained for each donation which shall give particulars as follows:

- (a) Name of donor and amount received;
- (b) Purpose or purposes for which donations were made.

NOTE.—Property donated and the cost of extensions made with funds received as donations shall be charged to appropriate fixed capital accounts in the same manner as property acquired by purchase or extensions constructed with the utility's own funds.

BY ORDER OF THE

RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA,

H. G. MATHEWSON, *Secretary.*

RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

April 7, 1922.

TO ALL GAS, WATER AND ELECTRIC CORPORATIONS:

From and after the date hereof, gas, water and electric corporations will not be required to keep separate income or profit and loss accounts, for each incorporated city in which they operate, nor a single income or profit and loss account for all territory not within an incorporated city, nor will they be required to pro rate their expenses to the several incorporated cities or other territory, all as directed by the Commission's orders of October 24, 1912, and October 25, 1912.

From and after the date hereof, all gas, water and electric corporations must keep their records of operating revenues in such a manner as will enable them to report to the Commission their operating revenues from business done in each municipality and their operating revenues from business done in unincorporated territory.

BY ORDER OF THE

RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA,

H. G. MATHEWSON, *Secretary*.

UNIFORM CLASSIFICATION OF ACCOUNTS

FOR

GAS CORPORATIONS

PRESCRIBED BY THE

RAILROAD COMMISSION

OF THE

STATE OF CALIFORNIA

Adopted October 23, 1912. Effective January 1, 1913

SAN FRANCISCO. CALIFORNIA

FRIEND WM. RICHARDSON, SUPERINTENDENT OF STATE PRINTING
SACRAMENTO, CALIFORNIA
1912

RAILROAD COMMISSION OF CALIFORNIA.

JOHN M. ESHLEMAN, *President*-----Commissioner

H. D. LOVELAND-----Commissioner

ALEXANDER GORDON -----Commissioner

EDWIN O. EDGERTON-----Commissioner

MAX THELEN, *Attorney*-----Commissioner

CHARLES R. DETRICK, Secretary.

UNIFORM CLASSIFICATION OF ACCOUNTS FOR GAS CORPORATIONS.

Approved October 23, 1912.

To All Gas Corporations:

This uniform system of accounts for gas corporations is established and issued by the Railroad Commission of the State of California in accordance with provisions of section 48 of law of 1911, known as the "Public Utilities Act," in effect March 23, 1912.

Section 48. "The Commission shall have power to establish a system of accounts to be kept by the public utilities subject to its jurisdiction, or to classify said public utilities and to establish a system of accounts for each class, and to prescribe the manner in which such accounts shall be kept. It may also in its discretion prescribe the forms of accounts, records and memoranda to be kept by such public utilities, including the accounts, records and memoranda of the movement of traffic as well as the receipts and expenditures of moneys, and any other forms, records and memoranda which in the judgment of the Commission may be necessary to carry out any of the provisions of this act. The system of accounts established by the Commission and the forms of accounts, records and memoranda prescribed by it shall not be inconsistent, in the case of corporations subject to the provisions of the act of congress entitled 'An act to regulate commerce,' approved February fourth, eighteen hundred and eighty-seven, and the acts amendatory thereof and supplementary thereto, with the systems and forms from time to time established for such corporations by the Interstate Commerce Commission, but nothing herein contained shall affect the power of the Commission to prescribe forms of accounts, records and memoranda covering information in addition to that required by the Interstate Commerce Commission. The Commission may, after hearing had upon its own motion or upon complaint, prescribe by order the accounts in which particular outlays and receipts shall be entered, charged or credited. Where the Commission has prescribed the forms of accounts, records or memoranda to be kept by any public utility for any of its business, it shall thereafter be unlawful for such public utility to keep any accounts, records or memoranda for such business other than those so prescribed, or those prescribed by or under the authority of any other state or of the United States, excepting such accounts, records or memoranda as shall be explanatory of and supplemental to the accounts, records or memoranda prescribed by the Commission."

Section 1. (p) The term 'Gas corporation,' when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling,

operating or managing any gas plant for compensation within this State, except where gas is made or produced on and distributed by the maker or producer through private property alone, solely for his own use or for the use of his tenants, and not for sale to others."

For the purpose of this system of accounts, gas corporations are divided into three classes as follows:

Class A—Corporations having average annual operating revenues exceeding \$100,000.

Class B—Corporations having average annual operating revenues less than \$100,000, and more than \$25,000.

Class C—Corporations having average annual operating revenues less than \$25,000.

Any corporation in classes B and C may keep a more extended division or subdivision of any or all the accounts shown herein; if desired, further refinements or extensions of the scheme of accounts to meet the needs of individual corporations may be made by subdividing the accounts herein established; provided that the integrity of the accounts is not impaired and that the titles and purposes of any accounts so raised shall first be filed with the Railroad Commission.

All accounts shall be kept by the double-entry method by all corporations or persons within the scope of this order. This requirement, however, is not intended to apply to purely statistical accounts.

The first entry relating to anything for which a charge or a credit is made to any fixed capital or investment account shall describe the property in respect of which the entry is made with such fullness and particularity as to enable its identification.

All charges made to fixed capital or other property account with respect to any property acquired on or after January 1, 1913, shall be the actual money costs of the property. When the consideration given and for which a charge is made to any fixed capital or other property account is anything other than money, the actual consideration shall be fully described in the entry, to enable identification, and the amount charged shall be the actual money value of the consideration at the time of the transaction.

Discounts upon securities and other commercial papers issued are to be provided for in other accounts and must in no case be included as part of the cost of any property acquired.

The figures and letters prefixed to the titles of accounts in the following definitions and instructions are solely for convenience of reference, and are not to be considered as part of the title or definition.

All corporations are hereby required on and after January 1, 1913, to keep their accounts in accordance with classifications herein provided.

All corporations operating in more than one incorporated city or partly within and partly without an incorporated city, shall show separate income account for each incorporated city, and a single income account for all territory not within an incorporated city.

All general expense common to the entire system, together with the expenses and repairs of the production, transmission and distribution systems, shall be treated as common to the entire system and pro-rated to the several incorporated cities or other territory on some equitable basis in accordance with the benefits derived.

NOTE.—Corporations will file with the Commission a statement in complete detail and full explanation supporting the basis on which a pro-rate of expenses is made.

In prescribing this system of accounts, the Commission does not bind itself to approve any item set out in any account, either as to amount or character, for rate fixing purposes or when authorizing the issuance of securities. The prescribed system of accounts is designed to set out the facts in connection with the income, expenditures, etc., and therefrom the Commission will determine, when engaged in fixing rates or approving issues of securities, just what consideration shall be given to the various items in the several accounts.

RAILROAD COMMISSION OF THE STATE
OF CALIFORNIA.

By CHARLES R. DETRICK,
Secretary.

Dated: October 24, 1912.

Commercial Building,
San Francisco, California.

BALANCE SHEET ACCOUNTS.**Definitions and Instructions.**

Balance Sheet Accounts defined. By Balance Sheet Accounts are meant those titles under which the ledger accounts are combined and summarized to show the assets, liabilities, and profit or loss of the business at a given time. Where the title and definition of a Balance Sheet Account clearly indicate that it is a summary of other accounts, it is not required that a special ledger account shall be raised under such a title to include the balance, from the accounts usually carried on the ledger.

Assets. The term "assets" is an accepted designation of the wealth or money's worth, either actual or nominal, in the possession or control, or at the disposal of individuals, firms, corporations, or governments, when that wealth or money's worth is considered as resources for satisfying the obligation of debtors to creditors, and those of trustees to their principals; and as a basis of the property rights of owners or stockholders, or as resources classified according to their character, their relation to the principal purpose of the business or enterprise in which they are utilized, their form, or the time when and conditions under which they become owned or controlled by or at the disposal of the individual, firm, corporation or government utilizing or disposing of them.

Corporate deficit is the excess of the expense and deductions over revenue or income, and represents the amount due to the corporation by its proprietors, or proprietary interests, for the replacement of lost invested capital.

Liabilities. The term "liabilities" are primarily amounts of money or quantities of other specified forms of wealth which persons, firms, corporations, or governments are under obligation to pay or deliver, or for whose custody, use, payment, or expenditure they are responsible, or amounts representing losses or depreciation of assets incurred but not realized.

Corporate surplus is the excess of revenue or income over expenses and deductions, or portions of the property rights or equity of the proprietors.

ASSET ACCOUNTS.**1. FIXED CAPITAL INSTALLED PRIOR TO JANUARY 1, 1913:**

In this account (on the balance sheet statement) shall be shown the total of the balance in the ledger accounts representing the corporation's fixed capital which was installed prior to January 1, 1913, and which is still in service at date of the balance sheet. (See text of this account under Account C-39, "Fixed Capital Accounts.")

2. FIXED CAPITAL INSTALLED SINCE DECEMBER 31, 1912:

This account is a summary of the accounts representing the corporation's fixed capital installed since December 31, 1912, and should show the cost of the fixed capital which has been installed since that date and is still in service at the date of the balance sheet. (For primary fixed capital accounts see Accounts C-1 to C-4, "Intangible Capital," and Accounts C-5 to C-40, "Tangible Capital Accounts.")

3. CASH AND DEPOSITS:

A. *Cash*. Charge to this account the amount of current funds available for use on demand in the hands of financial officers and agents, or deposited in banks or with trust companies, and cash in transit for which agents receive current credit.

B. *Special Deposits*. Charge to this account special deposits to pay declared dividends or matured interest, cash realized from the sale of securities held for disbursements when the purposes for which the securities are sold are accomplished; special deposits other than in sinking funds for the payment of debts and interest, not matured; also money and securities deposited to secure the performance of contracts, and other deposits of a special nature not provided for elsewhere.

4. NOTES RECEIVABLE:

Charge to this account the cost of all collectible obligations in the form of notes receivable or other similar evidences of money receivable on demand or within a time not exceeding one year. This does not include interest coupons. Time loans that mature more than one year after date of issue shall be considered as investments and shall not be included in this account.

5. ACCOUNTS RECEIVABLE:

Include in this account all amounts owing to the corporation upon accounts with solvent concerns other than banks, also the cost of all accounts and claims (except notes or negotiable bills) upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal.

The following sub-accounts are provided:

A. *Accounts with System Corporations*. Charge to this account amounts due from proprietary, affiliated, controlled, and controlling corporations on open accounts other than those provided for in Account No. 8-B, "Advances to System Corporations for Construction, Equipment and Betterments."

B. Due from Consumers and Agents. Charge to this account amounts due from consumers and agents for services rendered or billed.

NOTE.—Accounts with consumers and agents shall be kept in such manner as will enable corporations to show amounts due from consumers and agents for current accounts, for delinquent accounts, and amounts due from consumers whose service has been suspended.

C. Miscellaneous Accounts Receivable. Charge to this account amounts due from employees for working funds advanced, and amounts due from miscellaneous debtors upon open accounts considered collectible.

6. INTEREST AND DIVIDENDS RECEIVABLE:

Charge to this account all interest considered collectible accrued but not yet collected upon bonds, notes or other commercial paper, held by or for the benefit of the corporation; all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

7. OTHER CURRENT ASSETS:

Charge to this account the cost of all current assets which are not includible under any of the foregoing accounts. By current assets are meant only those things that are readily convertible into money and which are held not as investments, but with the intent of being presently converted into money.

8. INVESTMENTS:

This account includes the cost of all properties acquired or held not for use in present operations, but as a means of obtaining and exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations, and for securing other business advantages that may seem possible through their acquisition and possession.

It is subdivided as follows:

A. Securities of Other Corporations. Charge to this account the cost of stocks and bonds and other evidence of indebtedness issued by other companies. This account does not include any stocks, bonds, or other evidence of indebtedness issued or assumed by the accounting corporation. Class A and Class B corporations will subdivide this account so as to show separately the cost of

- a. Stocks of System Corporations.*
- b. Funded Debt of System Corporations.*
- c. Miscellaneous Stocks.*
- d. Miscellaneous Bonds.*

NOTE.—In the annual reports to the Railroad Commission, investments will be required to be classified so as to show those held subject to a lien of some character and those held free of all lien or pledge.

B. *Advances to System Corporations for Construction, Equipment and Betterments.* Charge to this account advances to proprietary, affiliated, controlled and controlling corporations to enable such corporations to pay for construction, equipment, additions, and betterments, when such advances are of a permanent nature (*i. e.*, where there is not an understanding that the advances are to be repaid within one year) or when it is understood and intended that reimbursement shall be made by the issue of the securities of the debtor corporation.

NOTE.—Temporary advances on open accounts to system corporations and such advances for purposes other than construction, equipment, additions and betterments shall be included in accounts receivable.

C. *Miscellaneous Investments.* Charge to this account all other investments of a permanent nature in tangible and in physical property not held for the operation of the company's plant as a gas system.

NOTE.—In the annual reports to the Railroad Commission, investments will be required to be classified so as to show those held subject to a lien of some character and those held free of all lien or pledge.

9. MATERIALS AND SUPPLIES:

Charge to this account the cost (including transportation) of all materials and supplies acquired, and the value of discarded equipment and of equipment, materials, and supplies returned to store, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to Account No. C-36, "Interest During Construction," or to Account No. E-75, "Undistributed Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

When the use of any tangible fixed capital is discontinued it shall be treated as retired; the original cost of such capital shall be credited to the fixed capital account in which carried, and its value, if any, as second-hand material or junk shall be charged to this account, or an appropriate sub-account. If such value is not known and cannot readily be determined, it shall be estimated, and errors in such estimates, when determined, shall be adjusted through the accounts involved during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to Account No. E-75, "Undistributed Adjustments—Balance," or to Account No. 4, "Supply Expense" (if that account is used), in case such shortages or overages cannot be assigned to specific accounts. Shortages may, how-

ever, be charged directly to "Corporate Surplus or Deficit." Where materials and supplies from stores have been used in construction, and it is estimated that part of the shortage or overage is due to such materials and supplies having been actually applied to construction, a proper proportion of the inventory shortage or overage should be charged or credited to Account No. C-35-E, "Miscellaneous Construction Expenses," directly or through Account No. 4, "Supply Expense."

10. SINKING FUNDS:

Charge to this account the amount of cash and the cost of live securities in the hands of trustees of sinking and other funds for the purpose of redeeming outstanding obligations, also amounts deposited with such trustees on account of mortgaged property sold. A separate account shall be raised for each sinking fund. When any security of the same issue as that for which a sinking fund is created is acquired through the operation of the sinking fund, the par value of the security shall be charged to the liability account to which it stands credited and not to the sinking fund account.

11. OTHER SPECIAL FUNDS:

Charge to this account the amount of cash and the cost of securities held in trust by or for the corporation in insurance funds, pension funds, hospital funds, and other special funds not provided for in the preceding accounts. A separate account shall be raised for each fund.

NOTE.—Securities issued or assumed by the corporation may be included among the assets of special funds only when they represent the actual investment of funds held in trust and when the fund so held would share in the distribution of assets covered by the securities in case of foreclosure or dissolution.

12. TREASURY SECURITIES:

Charge to this account the par value of all stocks and bonds which have been authorized and issued by the corporation or assumed by it and held by the Treasurer or other fiscal agent of the corporation for its benefit. When such securities are sold their par value shall be credited to this account.

13. PREPAID EXPENSES:

A. *Prepaid Rents.* Charge to this account the amount of rents paid in advance of the enjoyment of the term. As the term is consumed, credit this account at monthly intervals and debit the appropriate rent account with the amount applicable to the month.

B. *Prepaid Taxes.* Include in this account the excess of taxes paid over the amount properly chargeable to Income or other accounts as shown by the debit balance in the Tax Liability account. (See Account No. 26, "Taxes Accrued.")

C. *Prepaid Insurance.* When premiums on insurance policies are paid in advance of their accrual, the amount prepaid shall be charged to this account. As such premiums accrue, they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

D. *Other Prepayments.* When prepayments are made for anything other than as provided for in the three preceding accounts, the amount of such prepayments shall be included in this account.

14. UNAMORTIZED DISCOUNT ON SECURITIES AND EXPENSE:

When capital stock, funded debt securities and other evidence of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidence of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidence of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds; cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year; fees paid trustees, provided for in mortgages and trust deeds; fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense on securities representing indebtedness based upon the life of the security to maturity shall be credited to this account and charged to Account No. 109, "Amortization of Debt Discount and Expense." Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to Account No. 114-G, "Other Deductions from Surplus."

15. OTHER SUSPENSE:

This account includes all debits not elsewhere provided for and the proper final disposition of which is uncertain. It will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account or accounts; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit."

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account or accounts.

16. CONSTRUCTION WORK IN PROGRESS:

In this account may be included amounts expended upon plant that is in process of construction under estimates or work orders but is not ready for service at the date of the balance sheet. It includes, also, such proportion of plant supervision expenses, engineering expenses, tool expenses, supply expenses and general expenses as may be properly chargeable to the construction work included under this account.

When the work is completed on any job, the cost of which has been included in this account, the sub-account covering that job shall be credited with the amount at which it stands charged, and the appropriate fixed capital or other accounts shall be concurrently charged; but in no case shall any expenditure be carried in this account beyond the close of the fiscal year next succeeding that in which the expenditure is made.

17. CORPORATE DEFICIT:

Under this head should be shown the debit balance, if any, in the "Corporate Surplus or Deficit Account."

LIABILITY ACCOUNTS.**18. CAPITAL STOCK:**

To this account should be credited the par value of the capital stock issued and outstanding, including any that may be in the corporation's treasury, or held in trust for it, or in sinking or other funds.

19. INSTALLMENTS ON STOCK SUBSCRIPTION:

To this account should be credited the amounts received for capital stock to be paid for in installments, until such stock is issued.

20. FUNDED DEBT:

The funded obligations of the Corporation shall be divided into classes, each class agreeing in all of the following four characteristics:

1. Mortgage or other lien, or security therefor.
2. Rate of Interest.
3. Interest Date.
4. Date of Maturity.

A separate sub-account shall be opened for each mortgage, note, or other lien or security, and no accounts or debts not agreeing in the characteristics as above shall be included in the same sub-account.

To the proper sub-account shall be credited when issued the total receipts from the sale of evidence of indebtedness secured by the mortgage, etc. The entry in any account shall show also the purpose for which funded debt is issued and shall make intelligible reference to the book, page, and account wherein are shown any discount or premium realized on the amount issued or assumed.

If the consideration received for the indebtedness is other than money the entry shall show to whom issued and shall describe with sufficient particularity to identify the actual consideration received.

If the issue in any case is to an agent of an undisclosed principal, the name and address of agent and the fact of his agency must be shown in the entry; also short time securities or notes and mortgages payable which are due at a date over one year in the future.

21. RECEIVER'S CERTIFICATES:

When any receiver acting under the orders of a court of competent jurisdiction is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

22. ADVANCES FROM SYSTEM CORPORATIONS FOR CONSTRUCTION, EQUIPMENT AND BETTERMENTS.

Credit to this account advances from proprietary, affiliated, controlled and controlling corporations to enable the accounting corporation to pay for construction, equipment, additions and betterments when such advances are of a permanent nature (*i. e.*, where there is not an understanding that the advances are to be repaid within one year) or when it is understood and intended that a reimbursement shall be made by the issue of the securities of the debtor corporation.

NOTE.—Temporary advances on open accounts for system corporations and such advances for purposes other than construction, equipment, additions and betterments shall be included in accounts payable.

23. NOTES PAYABLE:

When any note or draft which matures not later than one year after date of issue or of demand is issued or the primary liability thereon assumed by the corporation, the par value thereof shall be credited to this account and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account except secured notes proper to be included in Account No. 20, "Funded Debt."

24. ACCOUNTS PAYABLE:

A. *Accounts with System Corporations.* Credit to this account the amounts owing to proprietary, affiliated, and controlled or controlling corporations on open accounts other than those provided for in Account No. 22, "Advances from System Corporations for Construction, Equipment and Betterments."

B. *Audited Vouchers and Wages Unpaid.* Credit to this account the amount of audited vouchers or accounts and audited pay rolls unpaid on the date of the balance sheet. Include also the amount of unclaimed

wages and outstanding pay and time checks issued in payment of wages.

C. *Consumers' Deposits.* Credit to this account as such deposits are made all cash deposited with the corporation by consumers for gas furnished as security for the payment of bills. Deposits refunded should be charged to this account and credited to cash. Deposits applicable to uncollectible gas bills should be credited to the account of the consumer and debited to this account.

D. *Miscellaneous Accounts Payable.* Credit to this account all amounts owing to miscellaneous creditors on open accounts and not provided for elsewhere.

25. INTEREST ACCRUED:

Credit to this account at the close of each month the interest accrued during the month upon the interest-bearing indebtedness issued or assumed by the corporation, except interest on judgments and receivers' certificates. When such interest is paid it should be charged to this account and credited to "Cash" or other suitable account. The interest accruing on any judgment against the corporation or upon any receiver's certificates shall be credited to the account to which such judgment or receiver's certificates stand credited.

26. TAXES ACCRUED:

To this account should be credited taxes that have accrued but are not yet due. The full amount of taxes for the year should be estimated and charged equally (one twelfth) to the expenses (Account No. E-80, Taxes) of each month, with corresponding credit to this account; as soon as the amount of the taxes for the period is known, the accounts should be adjusted to conform. When taxes become due and are vouchered, they should be charged to this account.

27. DIVIDENDS DECLARED:

When any dividend is declared, the amount of the dividend shall be credited to this account and here remain until it is paid, when the amount of the payment shall be charged to this account and credited to "Cash" or other suitable account.

28. SERVICE BILLED IN ADVANCE:

When bills are made for gas to be furnished in future months, and the amount of the bills is included in "Accounts Receivable," but not in the revenue accounts, the proportion of the bills applicable to future months shall be credited to this account. As the term for which the bill is made expires, the appropriate revenue account should be credited and this account debited with the amount applicable to the current month. (See Account No. R-5, "Prepaid Gas.")

29. RESERVE FOR ACCRUED DEPRECIATION:

Credit to this account or to appropriate sub-accounts such amounts as are concurrently charged to Account No. E-82, "Depreciation of Plant and Equipment." Charge to this account or to appropriate sub-accounts (except as prescribed in the notes hereunder) the realized depreciation in the several classes of tangible fixed capital; that is, the difference between the *original cost* (estimated if not known) of property relinquished, retired, or destroyed, and the value of any salvage recovered. Charge also to this account such part of the expenditures for repairs concurrently credited to Account No. E-77, "Repairs Charged to Reserves—Cr." as may have been provided for in estimating the rate of depreciation. (See Account No. E-82, "Depreciation of Plant and Equipment.")

NOTE A.—When any property is retired which was installed prior to the raising of the "Reserve for Accrued Depreciation," only such portion of the realized depreciation shall be charged to the reserve as is due to life in service after the establishment of the reserve; this portion may be estimated on the basis of the proportion which the life in service of the property in question after the establishment of the reserve bears to its entire life in service. The remainder of the realized depreciation shall be charged to Account No. 114-B, "Realized Depreciation Not Covered by Reserves," unless the corporation has on its books a depreciation reserve accumulated prior to the establishment of the prescribed depreciation rules, in which case such other remainder, or so much of it as may be provided for, shall be charged to such other reserve account.

NOTE B.—When any property is retired whose *book value* has been reduced by writing off estimated depreciation, only that part of the realized depreciation which has not already been written off shall be charged as above to the "Reserve for Accrued Depreciation," or Account No. 114-B, "Realized Depreciation Not Covered by Reserves."

NOTE C.—When any property is retired whose *book value* is greater than the known or estimated cost, such excess shall be charged to "Corporate Surplus or Deficit" and the realized depreciation shall be charged as elsewhere directed.

NOTE D.—If any property is sold for more than its original cost, the amount of depreciation, if any, accrued and credited to a reserve in respect thereof, shall be determined as accurately as possible and charged to such reserve. The sum of the amount so charged and the excess of the selling price over the cost of the property shall be credited to Account No. 115, "Miscellaneous Additions to Surplus."

30. RESERVE FOR AMORTIZATION OF INTANGIBLE CAPITAL:

Credit to this account such amounts as are concurrently charged to Account No. 111-B, "Amortization of Landed Capital," and to Account No. E-81, "Amortization of Franchises and Patents." Charge to this account when any franchise, patent, or landed capital expires or is relinquished, the amount at which it stood charged in the corporation's fixed capital accounts, or such amount as has been previously credited to this reserve in respect of such capital if the amortization has not been fully accomplished. That portion of its cost which has not been covered by credits to the reserve or previously written off shall be charged to Corporate Deficit account as "Amortization Unprovided for Elsewhere."

31. UNAMORTIZED PREMIUM ON DEBT:

When the funded debt securities or other evidence of indebtedness issued or assumed by the corporation and disposed of for a considera-

tion whose cash value is greater than the sum of the par value of such securities or other evidence of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidence of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life to maturity of the security or other evidence of indebtedness shall be charged to this account and credited to Account No. 110, "Amortization of Premium on Debt—Cr." in the Income Account.

32. CASUALTY AND INSURANCE RESERVES:

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualty and Insurance Reserves." Also credit to this account the amounts charged to operating expense Account No. E-64, "Insurance," to cover self-carried risks.

33. INCOME INVESTED SINCE DECEMBER 31, 1912, IN FIXED CAPITAL:

Credit to this account such amounts from income or surplus as are definitely set aside to cover expenditures for extensions or improvements of the fixed capital of the accounting corporation; such appropriations include those made discharging the principal (less the discount, if any, suffered at the time of sale) of any obligations incurred in the acquisition of any property whose cost is carried in the fixed capital accounts. The amounts credited to this account shall be concurrently charged to "Corporate Surplus or Deficit" account as "Appropriations to Reserves."

This account should not include temporary appropriations for the acquisition of property the cost of which is intended later to be met by an issue of securities, nor appropriations for the payment of obligations which are intended to be replaced by new issues.

34. RESERVES INVESTED IN SINKING FUNDS:

Credit to this account appropriations from surplus specifically invested or set aside in the hands of trustees for sinking and redemption funds, including accretions to such funds.

35. OTHER RESERVES FROM INCOME OR SURPLUS:

Credit to this account all appropriations of income or surplus held in reserve, other than appropriations invested in fixed capital since December 31, 1912, and appropriations invested in sinking or redemption funds. A separate sub-account shall be raised for each reserve, and the entries in such sub-accounts will be required to be shown separately in the annual report to the Railroad Commission.

This account includes the unexpended balance, if any, of appropriations intended to be invested in fixed capital, and such appropriations to sinking or redemption fund reserves as are not specifically invested.

36. CORPORATE SURPLUS UNAPPROPRIATED:

Under this head should be shown the credit balance, if any, in the "Corporate Surplus or Deficit Account."

FIXED CAPITAL ACCOUNTS.**FIXED CAPITAL DEFINED:**

By the *fixed capital* of a corporation is meant the property, both tangible and intangible, which is devoted to the accomplishment of the principal purposes of its business and which has an expectation of life in service of more than one year from date of installation in service (exception being made in the case of hand tools and other small portable tools that may be lost or stolen.)

COST OF FIXED CAPITAL:

The term "Cost" as used in the texts for fixed capital accounts means the *original* cost to the corporation. It includes not only the costs of labor, materials and supplies directly employed or consumed in the construction and installation of property classed as fixed capital, but also the cost of preliminary plans and surveys and such portion of the expenses for engineering and plant supervision and general expenses as may be chargeable to the fixed capital accounts under an equitable plan for the apportionment of such expenses.

INTANGIBLE CAPITAL.**C-1. ORGANIZATION:**

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing pros-

pectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise; counsel fees; cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiations and issue of stock thereunder, shall be classed as additions. Costs of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Costs of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classified as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

C-2. FRANCHISE (GAS) :

To this account shall be charged the amount (exclusive of any tax or annual charge) actually paid to the State, or to a political subdivision thereof, as the consideration for the grant of such franchise or right as is necessary to the conduct of the corporation's gas operations. If any such franchise is acquired by mesne assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor.

If any such franchise has a life of not more than one year after the date when it is placed in service, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses" and in "Prepayments," if extending beyond the fiscal year.

Payments made to the State, or to some subdivision thereof, as a consideration for granting an extension for more than one year of the life period of a franchise, shall be classed as renewals. Those made as a consideration for franchises or extensions thereof, covering additional territory to be operated as a part of an existing system, shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE.—Annual or more frequent payments in respect to franchises must not be charged to this account but to the appropriate tax or operating expense account.

C-3. PATENT RIGHTS (GAS) :

Charge to this account the cost of all rights (having a life of more than one year from date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's gas operations. If any such

right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

C-4. OTHER INTANGIBLE CAPITAL:

Charge to this account the cost of all other intangible capital devoted to gas operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

Corporations in Class "C" may consolidate these four accounts carrying one account, "Intangible Capital."

TANGIBLE CAPITAL.

Landed Capital.

C-5. LAND DEVOTED TO GAS OPERATIONS:

Charge to this account the cost of the accounting corporation's landed capital which is devoted to gas operations as hereinbefore defined. This includes land occupied by gas works and their appurtenances and rights of way for transmission and distribution lines and other pipe lines, where such rights have lives in excess of one year from the date when such land is placed in service. Such cost includes, when assumed or paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commission or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also cost of obtaining consents and payments for abutting damages.

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its gas operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account, and excluded from the account "Land Devoted to Gas Operations." If such improvements are not devoted to gas operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land Devoted to Gas Operations." The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Railroad Commission the subdivision of the cost of its land devoted to gas operations into the following:

- Land occupied by Gas Works.
- Land occupied by Outside Holder Stations.
- Water Rights.
- Other Land Devoted to Gas Operations.

Production Capital.**C-6. GAS WELLS AND DERRICK:**

Charge to this account the cost of all material, labor and expense incurred in drilling and developing natural gas wells. This includes the cost of boilers, engines, derricks, casings, driller's tools, and all other necessary equipment used in connection therewith.

C-7. GAS PLANT BUILDINGS AND GENERAL STRUCTURES:

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing gas generating plants. This account includes the cost of excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the buildings; also the cost of architect's plans, and of superintendence of construction; also the cost of all necessary buildings in connection therewith, such as dwellings, stables, cookhouses, clubhouses, etc.; also water wells and pumps.

C-8. HOLDERS:

Charge to this account the cost of all holders at works and outlying stations, including tanks, foundations, holders, framework, guides, pulleys, etc., and inlet and outlet valves of such holders.

NOTE.—Holder housings shall be charged to Account No. C-7, "Gas Plant Buildings and General Structures."

C-9. FURNACES, BOILERS AND ACCESSORIES:

Charge to this account the cost of all furnaces, boilers and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, water pipes, steam traps, drains and separators and pipes for conducting steam from the boiler to the engine, to condensers, or to gas generators. It does not include steam pipes whose primary purpose is the heating of buildings.

C-10. GAS GENERATORS:

Charge to this account the cost of all generators devoted to the production of gas from oil. This includes the cost of shells, lining and checking, valves, stacks, etc., specially provided foundations and settings, seals, superheaters, and piping connected therewith.

C-11. PURIFICATION APPARATUS:

Charge to this account the cost of all purification apparatus, such as condensers, washers, scrubbers, purifiers, tar extractors, etc., and their auxiliary apparatus and piping, including the cost of specially provided foundations and settings.

C-12. STEAM ENGINES:

Charge to this account the cost of all steam engines devoted to use as prime movers in gas works. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler.

C-13. GAS ENGINES:

Charge to this account the cost of all gas engines devoted to use as prime movers in gas works and stations. This includes the specially provided foundations and settings of such engines. The engine includes the inlet valve and governor and ignition and starting apparatus, but not the pipe leading from the gas boiler.

C-14. MISCELLANEOUS GAS PLANT EQUIPMENT:

Charge to this account the cost of all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

C-15. WATER GAS SETS AND ACCESSORIES:

Charge to this account the cost of sets and accessories devoted to the production of water gas, including the cost of specially provided foundations and settings for such sets. This account includes not only generators, carburetors, superheaters, seals and piping connected therewith, etc., but also blast apparatus, oil and steam supplying apparatus, oil and steam heaters, etc. It does not include pipes whose primary purpose is the warming of buildings.

C-16. ACCESSORY EQUIPMENT AT WORKS:

Charge to this account the cost of all equipment at works and holder stations which is not includible under any of the foregoing accounts. This includes exhausters, station meters, governors, etc., apparatus for charging retorts; conveyors for disposing of coke and other products and residuals; tar and ammonia apparatus, pumps, fuel oil, tanks, and pipe lines.

C-17. MISCELLANEOUS PRODUCTION EQUIPMENT:

Charge to this account the cost of all miscellaneous equipment used in the production of gas energy which is not includible in any of the foregoing accounts. This includes tools and appliances (working stock only), horses, wagons, harness, autos, motorcycles, bicycles, furniture and fixtures, roads, trestles, bridges, etc., where used specifically in the production of gas.

NOTE A.—Where any item of miscellaneous gas plant equipment is jointly used with transmission, distribution or other departments, the cost of such item shall be included in appropriate sub-accounts under "General Capital."

NOTE B.—It will be required that this account be so kept as to represent at all times the actual working miscellaneous equipment; and all renewals of such working equipment shall be charged to appropriate accounts other than capital, or the account must be adjusted annually to physical inventory.

Transmission Capital.**C-18. TRANSMISSION MAINS:**

Charge to this account the cost of high pressure transmission mains from production plant to distribution system.

C-19. TRANSMISSION BUILDINGS AND GENERAL STRUCTURES:

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing boosters and regulators, including excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building. Include, also, the cost of architect's plans, and of superintendence of construction, and the cost of all necessary buildings in connection therewith, such as dwellings, stables, cookhouses, clubhouses, etc.; also water wells and pumps.

C-20. BOOSTING APPARATUS AND REGULATORS:

Charge to this account the cost of boosting equipment, including blowers, compressors, engines, motors and connections, regulators, and governors and their specially provided foundations and settings.

NOTE.—Do not include district regulators installed in distribution system.

C-21. MISCELLANEOUS TRANSMISSION EQUIPMENT:

Charge to this account the cost of all miscellaneous equipment used in the transmission of gas which is not includible in any of the foregoing accounts. This includes tools and appliances (working stock only), horses, wagons and harness, autos, motorcycles, bicycles, furniture and fixtures, roads, trestles and bridges, etc., where used specifically in the transmission of gas.

NOTE A.—Where any items of miscellaneous transmission equipment are jointly used with production, distribution or other departments, the cost of such items shall be included in appropriate sub-accounts under "General Capital."

NOTE B.—It will be required that this account be so kept as to represent at all times the actual working miscellaneous equipment; and all renewals of such working equipment shall be charged to appropriate accounts other than capital or the account must be adjusted annually to physical inventory.

Distribution Capital.**C-22. DISTRIBUTION MAINS:**

Charge to this account the cost of all mains in place. This includes pipe lines from holders or trunk line valves to beginning of services, including cost of trenching, placing pipe, filling trenches, and restoring surface to its former condition, or to that required by municipal authorities.

NOTE.—Do not include any patching of street surface after completion of original construction and no mains devoted solely to municipal street lighting systems.

C-23. GAS SERVICES:

Charge to this account the cost of the corporation's property in service pipes and appurtenances in or leading to consumer's premises. This includes the cost of material in place, cost of trenching for placing services, and of filling trenches, and restoring surface to proper condition.

NOTE A.—When consumers are required to pay some or all of the cost of services, only that portion of the cost not chargeable to the consumer is chargeable to this account; in all cases where only a portion of the cost of the service is chargeable to this account, the entry in this account shall show the entire cost of the service as well as the amount charged to this account.

NOTE B.—Where services extending only from main to curb (or to lot line) are placed before actually required for the purpose of supplying consumers, the entry of cost must show the fact. Such services will be required to be separately reported in the annual reports of corporations to the Railroad Commission.

NOTE C.—Cost of renewing or modifying services shall not be charged to this account.

C-24. GAS METERS:

Charge to this account the cost of all meters installed for determining the amount of gas delivered to consumers. The cost of the original testing and the setting of each meter will be charged to this account if it is the policy of the accounting corporation to capitalize the original setting of meters. Subsequent removing and the resetting of meters will not be charged to this account, but to operating expenses.

NOTE A.—Upon filing with the Railroad Commission a notice thereof, the accounting corporation may also include in this account the cost of meters temporarily withdrawn from service.

NOTE B.—It will be required that the account be so kept as to represent at all times the actual meters in service or temporarily out of service; and all renewals shall be charged to appropriate accounts other than capital or the account must be adjusted annually to physical inventory.

C-25. GAS REGULATORS:

Charge to this account the cost of all district or house type regulators.

NOTE.—Do not charge station regulators to this account.

C-26. MUNICIPAL STREET LIGHTING FIXTURES (GAS):

Charge to this account the cost of the corporation's property in the lamps, posts and auxiliary apparatus and appliances used in lighting streets for a municipal corporation. Such cost includes not only the cost of material, but also the cost of first setting and coupling up. It does not include cost of removal or change of position.

NOTE.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely

for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Railroad Commission on or before the date when the entry thereof is made upon the books of the corporation.

C-27. GAS ENGINES AND APPLIANCES:

Charge to this account the cost of the corporation's property in gas engines leased to consumers (including municipal corporations), but not of those held for purposes of sale. Such engines include all appliances for the production of mechanical motion through the consumption of gas. Also charge to this account the cost of the corporation's property in all gas stoves and other heating appliances leased to consumers, but not of those held for purposes of sale. This includes stoves, ranges, heaters, hot plates, sadirons, tailors' irons and gooses, and other like devices and appliances consuming gas for the direct production of heat.

NOTE A.—The cost of setting and connecting such engines and heating appliances on the premises of consumers and the cost of resetting or of removal shall not be charged to this account.

NOTE B.—Upon filing with the Railroad Commission a notice thereof, the accounting corporation may also include in this account the cost of such gas engines and appliances temporarily withdrawn from service.

C-28. COMMERCIAL ARC LAMPS:

Charge to this account the cost of all commercial arc lamps supplied to consumers (including municipal buildings), where such lamps have an expectancy of life in service of more than one year.

NOTE.—Upon filing with the Railroad Commission a notice thereof, the accounting corporation may also include in this account the cost of arc and other lamps temporarily out of service.

C-29. INSTALLATIONS ON CONSUMERS' PREMISES:

Charge to this account the cost of all labor and material in the installation of equipment on consumers' premises for purposes of supplying gas of certain kind or character. Such installations as come hereunder would include furnaces, retorts, heaters, ranges, engines, etc.

NOTE.—Do not include in this account meters, services, appliances loaned, or commercial arc lamps and lamps installed in connection with rates or renewals thereof.

C-30. MISCELLANEOUS DISTRIBUTION EQUIPMENT:

Charge to this account the cost of all miscellaneous equipment used in the distribution of gas which is not includible in any of the foregoing accounts. This includes tools and appliances (working stock only), horses, wagons and harness, autos, motorcycles, bicycles, furniture and fixtures, roads, trestles and bridges, etc., where used specifically in the distribution of gas.

NOTE.—Where any items of miscellaneous distribution equipment are jointly used with production, transmission or other departments, the cost of such items shall be included in appropriate sub-accounts under "General Capital."

General Capital.

C-31. GENERAL STRUCTURES:

Charge to this account the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not

restricted to gas operations and not includible in any of the departmental accounts; also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming and ventilating, gas pipes and fixtures for lighting, etc.; electric wiring and fixtures for lighting, signaling, etc.; elevators, etc., and the engines and motors specially provided for operating them; furnaces, boilers, etc., specially provided for producing steam for such engines and for heating; electric or gas generators specially provided for producing current or gas for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery or apparatus mounted thereon.

NOTE A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as, *e. g.*, in a retort house, no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NOTE B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate departmental capital account, and no part to the account "General Structures."

C-32. GENERAL EQUIPMENT:

Charge to this account the cost of all equipment of general structures, as provided under the following heads:

A. General Office Equipment. This includes the cost of all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, drafting-room equipment, and other like office appliances and equipment; also engineering instruments.

B. General Shop Equipment. This includes the cost of all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts and the like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

NOTE.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

C. General Store Equipment. This includes the cost of all equipment of general store structures, such as movable counters, movable shelving, and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

NOTE.—Counters, shelving and the like which are permanently attached to the structure shall be charged to Account No. C-31, "General Structures," and not to this account.

D. *General Stable and Garage Equipment.* This includes the cost of all equipment of general stables and garages, including horses, harness, drays, wagons, automobiles and other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

E. *Miscellaneous Equipment.* This includes the cost of all other equipment, such as laboratory equipment and other tools and instruments and miscellaneous equipment not includible in the foregoing accounts under General Equipment.

C-33. TELEPHONE LINES:

Charge to this account the cost of all material and labor expended in the construction of telephone lines for the entire system. These charges should include the cost of wires and insulators, cross-arms, poles (where devoted solely to supporting telephone lines), telephone instruments, switchboards, etc.

C-34. ROADS, TRETTLES AND BRIDGES:

Charge to this account the cost of all labor and material expended in the construction of roads, trestles, bridges and tramways required for the transportation of machinery and supplies, or the operation of the corporation.

NOTE.—Do not include in this account any roads, trestles or bridges which may be solely for the use of Production Capital, Transmission Capital or Distribution Capital.

C-35. UNDISTRIBUTED CONSTRUCTION EXPENDITURES:

This account includes the expenditures provided for in the following sub-accounts, when such expenditures cannot be satisfactorily allocated to the fixed capital accounts to which they relate. Upon the retirement or withdrawal of any property with respect to which any charge is included in this account or any sub-account hereunder, there shall be credited to this account or the appropriate sub-account such part of the undistributed expenditures during construction (estimated if not known) as may be applicable to the property withdrawn or retired.

A. *Engineering and Superintendence.* Charge to this account all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work, and expenses incident to the work of such employees when the expenditures can not be assigned to specific construction accounts.

B. *Law Expenditures During Construction.* Charge to this account general law expenditures incurred in the construction of the gas plant, such as the pay and expenses of counsel, solicitors and attorneys, their clerks and attendants, and expenses of their offices; the cost of printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; cost of suits and payment of special fees, notarial fees and witness fees; and court expenses. When

any of the expenditures enumerated herein can be charged directly to the account for which incurred, they shall be so charged, and not to this account. Expenditures incurred in connection with the acquisition of right of way shall be charged to Account No. C-5, "Land Devoted to Gas Operations," and in the acquisition of other land to Account No. C-31, "General Structures." Law expenditures in connection with the organization of the corporation shall be charged to Account No. C-1, "Organization."

C. Injuries During Construction. Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of gas plant and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payment to undertakers), proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

D. Taxes During Construction. Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

E. Miscellaneous Construction Expenses. Charge to this account the salaries and expenses of executive and general offices of a gas plant under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials

NOTE B.—This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt or other securities, and commercial paper.

C-36. INTEREST DURING CONSTRUCTION:

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account.

To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction, unless such discounts are credited to the particular bills.

C-37. COST OF PLANT PURCHASED IN LIEU OF PLANT CONSTRUCTED :

Charge to this account the cost of gas works purchased in case the plant of the corporation is obtained by purchase instead of being constructed by it.

The entry to this account should show with sufficient detail the name of the parties from whom purchased, the purchase price and other facts pertinent to such purchase. All books and records should be obtained at time of purchase. The Railroad Commission will require full and complete details of all transactions of purchase.

C-38. FIXED CAPITAL IN OTHER DEPARTMENTS :

Charge to this account the cost of all property of the corporation, both tangible and intangible, devoted to its operations other than gas, not including investments as defined in Account No. 8, "Investments."

C-39. FIXED CAPITAL INSTALLED PRIOR TO JANUARY 1, 1913 :

In this account (on the balance sheet statement) shall be shown the total of the balances in the ledger accounts representing the corporation's fixed capital which was installed prior to January 1, 1913, and which is still in service at the date of the balance sheet.

The accounts representing the fixed capital of the corporation as carried on its books at the close of December 31, 1912, shall be so designated upon the books of the corporation as to show clearly that they relate only to fixed capital installed prior to the close of that date. No debits shall be made to such accounts with respect to any property subsequently acquired, but the cost of such property shall be charged to the accounts hereinbefore provided. When any property acquired prior to January 1, 1913, is withdrawn or retired from service, the amount at which it stands charged shall be credited to the account in which it is charged and concurrent debits shall be made (1) to "Cash," "Materials and Supplies," or other account, as may be appropriate, for the value of any salvage; (2) to Account No. 29, "Reserve for Accrued Depreciation," or to Account No. 30, "Reserve for Amortization of Intangible Capital," for the amount of depreciation or other amortization applicable to the period subsequent to December 31, 1912; and (3) to "Corporate Surplus or Deficit" account for the remainder of the amount for which the property is carried in the accounts for fixed capital; unless the corporation had on that date a reserve for retirements, in which case the latter amount, or so much of it as may be applicable, shall be charged to such reserve account.

NOTE.—In the reports to the Railroad Commission, a statement will be required showing the names of the accounts for fixed capital actually carried by the corporation on December 31, 1912, and the balance therein at the date of the report.

C-40. FIXED CAPITAL INSTALLED SINCE DECEMBER 31, 1912:

This account is a summary of those accounts which include the cost of fixed capital installed since December 31, 1912.

The sum of the balances in Accounts C-1 to C-4, "Intangible Capital," and C-5 to C-40, "Tangible Capital," should be shown on the balance sheet statement under this account.

INCOME ACCOUNT.**INCOME ACCOUNT DEFINED:**

The Income account brings together those accounts that show the total amount of money that the corporation has received or becomes entitled to receive for services rendered during a given period, the return accruing during the period upon investments, and the disbursements and obligations incurred that affect the disposition of the amounts so received or accrued. The following accounts make up the Income account statement and should be closed into the Income account at the close of the year or other fiscal period.

101. OPERATING REVENUES:

Include in this account the total operating revenues of the corporation for the period covered by the income statement. (See Accounts Nos. R-1 to R-14, inclusive, under "Operating Revenues.")

102. OPERATING EXPENSES:

Include in this account the total operating expenses of the corporation for the period covered by the income statement. (See Accounts E-1 to E-81, inclusive, under "Operating Expenses.")

103. UNCOLLECTIBLE GAS BILLS:

Charge to this account (and credit the account receivable in which theretofore carried) the amount of any account for gas furnished which, after a reasonably diligent effort to collect, has proved impracticable of collection. This account includes only uncollectible bills for amounts which have been treated as operating revenues; other uncollectible bills should be charged to Account No. 105-G, "Uncollectible Non-operating Revenues," or to Corporate Surplus or Deficit account, as may be appropriate.

104. NON-OPERATING REVENUES:

A. Rent Accrued from Lease of Gas Plant. Credit to this account monthly, as they accrue, all revenues from the corporation's interests in gas plant or equipment held by others under some form of lease whereby it surrenders possession of such property.

This account is intended to cover only rents receivable for the use of gas plants or operating units held as a whole under some form of lease.

B. *Miscellaneous Rent Revenues.* Credit to this account monthly the revenues accruing to the corporation as a return upon rented property other than gas plant and equipment held by others under lease, as provided for in the preceding account.

C. *Interest and Dividend Revenues.* Credit to this account monthly all revenues accruing to the corporation, not retained in specific sinking or other reserve funds, from interest upon all its bank balances, special deposits, and other assets, when such interest is a liability of solvent concerns or individuals, and from dividends declared or guaranteed by solvent concerns upon stocks held by the corporation. No interest or dividends upon securities issued or assumed by the accounting corporation shall be credited to this account or to any other revenue account.

Class A corporations will subdivide the revenues included herein and keep separate accounts for—

- a. Interest Revenues on Funded Debt Owned.
- b. Miscellaneous Interest Revenues.
- c. Dividend Revenues.

D. *Sinking and Other Reserve Accretions.* Credit to this account and charge the appropriate fund or its trustee monthly the revenues accruing from securities and other assets in the hands of trustees or specifically set aside for sinking and other special funds, when the revenues are retained as part of the funds. Such revenues may include appropriations equal to interest upon securities issued or assumed by the accounting corporation where such securities are acquired through the operation of a sinking or other reserve fund.

NOTE.—If the assets of a fund are to be represented by a reserve from surplus, concurrent entries should be made charging Account No. 113, "Sinking Fund Appropriations," or Account No. 114—E, "Appropriations to Reserves," crediting Account No. 34, "Reserves Invested in Sinking Funds," or No. 35, "Other Reserves from Income or Surplus," as may be appropriate.

E. *Profits from Operations of Others.* Whenever in accordance with the terms of any contract the corporation is entitled to participate in the profits from operations of others, all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.—This account does not include any dividends on stocks or any remuneration for services.

F. *Miscellaneous Non-operating Revenues.* Credit to this account all non-operating revenues not provided for in the foregoing accounts.

105. NON-OPERATING REVENUE DEDUCTIONS:

A. *Rent Expenses.* Charge to this account all expenses arising in connection with the procuring of revenues from rented property, such as the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collectors' commissions, cost of enforcing payment of rent, cost of ousting tenants, etc. This includes the expense accruing while the property is idle and awaiting an occupant; also the cost of maintenance

of property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

B. *Interest Expense.* Charge to this account all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

C. *Dividend Expense.* Charge to this account all expense arising in connection with the collection of dividends on stocks of other corporations, including expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

D. *Others' Operations Expense.* Charge to this account the cost of negotiating contracts whereunder the corporation is to participate in the profit resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

E. *Miscellaneous Non-operating Expense.* Charge to this account all non-operating expense not provided for in the foregoing sub-accounts.

F. *Non-operating Taxes.* Charge to this account all taxes payable by the corporation accrued upon non-operating property, and all taxes assignable to non-operating revenues.

G. *Uncollectible Non-operating Revenues.* When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged and charged to this account.

106. INTEREST ACCRUED ON FUNDED DEBT:

Charge to this account monthly all interest accrued on outstanding funded debt issued or assumed by the corporation. This account does not include interest on securities held by the corporation in its treasury, in sinking or other reserve funds, or pledged as collateral.

NOTE A.—The amount charged to this account shall be concurrently accredited to Account No. 25, "Interest Accrued," to which account shall be debited payments made on account of interest.

NOTE B.—If any of the funded debt securities issued or assumed by the corporation are held in its sinking or other reserve funds and the interest on such funded debt is an accretion to the fund, the interest on such securities shall not be charged to this account but an amount equal to the interest on the funded debt so held shall be charged to Account No. 113, "Sinking Fund Appropriations." This does not apply to securities in funds held in trust by the corporation such as employees' pension funds and savings funds.

107. OTHER INTEREST DEDUCTIONS:

Charge to this account monthly all interest accrued on receivers' certificates and on interest-bearing unfunded obligations of the corporation.

NOTE.—The amount charged to this account shall be concurrently credited to Account No. 25, "Interest Accrued," or to No. 21, "Receivers' Certificates," to which accounts shall be debited payments made on account of such interest.

108. RENT DEDUCTIONS:

Charge to this account monthly all amounts accrued against the corporation for rents, other than minor rents provided for elsewhere as chargeable to operating expenses. It includes the matters provided for in the following sub-accounts:

A. *Rent for Lease of Other Gas Plant.* Charge to this account monthly all amounts accrued against the corporation for rent of gas plant and equipment which it holds under some form of lease or other and of which it has the exclusive possession.

This account is intended to cover only rents payable for the use of gas plants or operating units held as a whole under some form of lease.

B. *Miscellaneous Rent Reductions.* Charge to this account rents payable accrued not provided for elsewhere.

109. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE:

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and expense to Account No. 114-G, "Other Deductions from Surplus." This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to Account No. 114-G, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

110. AMORTIZATION OF PREMIUM ON DEBT—CR.:

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued.

111. MISCELLANEOUS DEDUCTIONS FROM INCOME:

Charge to this account the matters provided for in the following sub-accounts:

A. *Loss on Operations of Others.* Whenever, in accordance with the terms of any contract, the corporation is bound to contribute toward

reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

B. Amortization of Landed Capital. Charge to this account at the close to any fiscal period such portion of the original money cost (estimated if not known) of landed capital as is necessary to cover the portion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to Account No. 30, "Reserve for Amortization of Intangible Capital."

NOTE B.—When any landed capital expires or is otherwise retired from service (as, *e. g.*, through sale) the capital account or investment account (if any) originally charged therewith shall be credited with the amount originally charged; Account No. 30, "Reserve for Amortization of Intangible Capital," shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

C. Other Contractual Deductions from Income. Charge to this account all deductions from gross income which are in the nature of fixed charges and not provided for otherwise, such as those required by the terms of some contract, agreement, charter provision, law, or ordinance. Such deductions should not include any appropriations or dispositions of income that rest solely in the discretion of the accounting corporation.

NOTE.—Payments to sinking funds shall not be charged to this account but shall be included in Account No. 113, "Sinking Fund Appropriations."

CORPORATE SURPLUS OR DEFICIT ACCOUNT.

CORPORATE SURPLUS OR DEFICIT ACCOUNT DEFINED:

This account or summary is the connecting link between the income account and the balance sheet. It summarizes the changes in the corporate surplus or deficit during a given fiscal period resulting from the business transactions during that period as well as those affected by any disposition of net profits made solely at the option of the corporation, by accounting adjustments not properly attributable to the period, or by miscellaneous losses or gains not provided for elsewhere.

To this account should be carried the net balance of the accounts forming the income account, and in it should be summarized all optional appropriations (including dividends); miscellaneous adjustments due to errors in accounting in prior fiscal periods; profits from the sale of securities or other property; losses upon property sold or otherwise retired and not covered by reserves, and unusual losses and gains of like nature. For these matters the following accounts are provided; their net balance added to the net balance from the income account should show the net surplus or deficit on the date of the balance sheet.

112. DIVIDENDS ON OUTSTANDING STOCK:

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged

to this account. All entries to this account shall show the amount of stock upon which the dividend is declared as well as the amount thereof. If the dividend is payable in anything other than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation owned by or held in behalf of the corporation, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

113. SINKING FUND APPROPRIATIONS:

Charge to this account all appropriations to sinking funds and accretions to such funds on account of income from previous investments. Such appropriations should include: (1) direct payments; (2) sums equal to the interest or dividends on securities issued or assumed by the corporation and held in sinking funds; (3) income from investments of sinking funds other than securities issued or assumed; (4) income from cash or special deposits held by trustees of sinking funds. All earnings of sinking funds and contributions to such funds shall be included in this account whether such contributions are made at the option of the corporation or are required by the provisions of mortgages, deeds of trust, or other contracts.

114. MISCELLANEOUS DEDUCTIONS FROM SURPLUS:

A. *Expenses Unprovided for Elsewhere.* Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for nonfeasance, etc., fines levied on directors, officers, and other employees of the corporation and assumed by it, donations to funds, to churches and other associations, and other like expenses and outgoes.

B. *Realized Depreciation not Covered by Reserves.* Charge to this account the realized depreciation (that is, the difference between the original cost and the salvage, if any) on tangible capital retired, when such depreciation has not been provided for through a depreciation reserve. This includes such portion of the realized depreciation on any physical property which was installed prior to the creation of the reserve for accrued depreciation as is due to life in service before that date; this portion may be estimated on the basis of the proportion which the life in service of the property in question prior to the establishment of the reserve bears to its entire life in service.

C. *Amortization Unprovided for Elsewhere.* Charge to this account

when any tangible property expires or is relinquished, such portion of its cost as has not been previously written off or is not covered by Account No. 30., "Reserve for Amortization of Intangible Capital." Charge also to this account all optional amortization, such as that of organization expenses, and assets, carried in Account No. C-4, "Other Intangible Capital."

D. *Gifts to Controlled Corporations.* Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

E. *Appropriations to Reserves.* Charge to this account all optional appropriations to reserves.

F. *Other Appropriations from Surplus.* Charge to this account all optional appropriations made by the corporation and not provided for elsewhere.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Railroad Commission.

G. *Other Deductions from Surplus.* Charge to this account all deductions from surplus made to extinguish discount on stock outstanding, optional amortization of debt discount and expense, deductions because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not provided for elsewhere.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Railroad Commission.

115. MISCELLANEOUS ADDITIONS TO SURPLUS:

Credit to this account all additions to surplus due to erroneous accounting in previous fiscal periods, bad debts collected after being written off, profits arising from the sale of securities or other property, etc.

OPERATING REVENUES—GAS.

EXPLANATION:

Revenue defined. By revenues, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interest in property). Revenues are classified as OPERATING REVENUES and NON-OPERATING REVENUES.

Operating revenues defined. Operating revenues are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its own operations.

Non-operating revenues defined. Non-operating revenues are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as RENTS, INTEREST, DIVIDENDS, and MISCELLANEOUS.

Revenue deductions defined: Revenue deductions include EXPENSES, TAXES, DEPRECIATION, and UNCOLLECTIBLE BILLS.

R-1. MUNICIPAL STREET LIGHTING—ARC:

Credit to this account all revenue derived from the lighting of streets, roads, parks, plazas, etc., for municipal corporations by means of gas.

R-2. MUNICIPAL HEAT, POWER AND LIGHTING:

Credit to this account all revenues derived from lighting municipal buildings by means of gas, or from gas supplied for such purposes, or for heat or power in municipal buildings where such gas is supplied at lighting rates and is not separately measured; also all revenue derived from municipal corporations for gas supplied at special heat or power rates to such corporations for the production of heat and power; also all revenues derived from supplying gas to municipal corporations and not provided for in the foregoing account; also those from the letting of engines and other gas equipment to such corporations.

R-3. COMMERCIAL HEAT, POWER AND LIGHTING—FLAT RATE:

Credit to this account all revenue derived from consumers other than municipal corporations, counties and states, for gas, heat, power and lighting at flat rates per year, per night, per hour, or other time units, or on any basis independent of the quantity of gas supplied.

R-4. COMMERCIAL HEAT, POWER AND LIGHTING—METERED:

Credit to this account all revenues derived from consumers other than municipal corporations, for measured gas supplied for gas, heat, power and lighting where the total revenue is dependent on the quantity of gas supplied.

R-5. PREPAID GAS:

Credit to this account all revenue derived from the sale of prepaid gas delivered through so-called "Prepayment Meters." (See Account No. 28, "Service Billed in Advance.")

R-6. OTHER GAS CORPORATIONS:

Credit to this account all revenues derived from gas sold to other gas corporations, to be by them distributed through their own mains to consumers. If any portion of such gas is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall be included herein if not separately measured, or if included in the same contract with that which is distributed by them to consumers.

R-7. COMMISSIONS ON OTHERS' GAS:

Credit to this account all revenues accruing to the corporation for distributing gas of other companies through its pipes and selling same, and for all other services performed in connection therewith.

NOTE.—In case the corporation distributes through its pipes the gas of another company, the corporation shall charge "Cash" or the appropriate sub-account (or

accounts) under "Accounts Receivable," with the value of the gas of such other company supplied by the corporation to consumers, and shall enter a corresponding credit to a clearing account, "Gas Supplied by (blank) Company and distributed by this Corporation," (or "by blank"), (naming the corporation keeping the account), which account shall be cleared monthly by charging to such clearing account the amount necessary to balance, and crediting to the account "Commissions on Others' Gas" the corporation's proportion of the total revenue, and to the account of the company supplying such gas to the corporation that company's proportion of such total revenue.

R-8. RENT OF METERS:

Credit to this account all revenues derived from the renting of meters, whether for use in municipal, commercial or miscellaneous service. It is not the intention to require that the difference between energy consumed and minimum rate (when consumption at regular rate is less than the agreed minimum rate) be considered as meter rent.

R-9. BREAKDOWN SERVICE:

Credit to this account all revenues derived from the insurance of a supply of gas to a stipulated amount to concerns ordinarily producing their own, or procuring it from other sources than the corporation acting as insurer.

R-10. JOINT GAS RENT REVENUE:

When any corporation engages in gas operations for the production of some of its products for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefits to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited month by month to this account. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

R-11. OTHER MISCELLANEOUS GAS REVENUES:

Credit to this account all revenues derived from others than municipal corporations for the supply of gas and from other gas operations not includible in any of the foregoing accounts.

OTHER OPERATING REVENUES.

R-12. RENT OF GAS APPLIANCES:

Credit to this account all revenue derived from the letting of gas engines, heating appliances, lamps, and other gas apparatus and appliances (except meters) to others than municipal corporations. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

R-13. GAS MERCHANDISE AND JOBBING REVENUES:

Credit to this account all receipts from the sale of gas merchandise and from gas jobbing. Charge to this account the cost to the accounting corporation of gas merchandise sold, such cost including transportation charges paid on such goods.

Credit also to this account the profit or commission accruing to the corporation on all jobbing work performed by it as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials and supplies.

NOTE A—In its annual reports to the Railroad Commission the reporting corporation will be required to analyze the credits and debits to this account.

NOTE B—This account does not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

R-14. SALE OF RESIDUALS AND BY-PRODUCTS:

Credit to this account all revenue derived from the sale of residuals and by-products. This account shall be so kept as to enable the accounting corporation to show in its annual report to the Railroad Commission the revenue from each separate commodity.

R-15. STEAM SALES REVENUE:

Credit to this account all revenue derived from the sale of steam produced in or in conjunction with the gas department.

OPERATING EXPENSE ACCOUNTS.**DEFINITIONS OF CERTAIN TERMS USED IN CONNECTION WITH EXPENSE ACCOUNTS:**

Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expense of the

purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, **if any**.

NOTE—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

GENERAL ACCOUNTS.

PRODUCTION EXPENSES.

TRANSMISSION EXPENSES.

DISTRIBUTION EXPENSES.

COMMERCIAL EXPENSES.

GENERAL AND MISCELLANEOUS EXPENSES.

TAXES.

DEPRECIATION, ETC.

Production Expenses.

E-1. SUPERINTENDENCE:

Charge to this account the cost of labor of the engineer in charge of works and his assistants, also day and night foremen and station clerks.

E-2. NATURAL GAS PLANT LABOR:

Charge to this account the cost of all labor incurred in developing natural gas from wells.

E-3. NATURAL GAS PLANT SUPPLIES AND EXPENSES:

Charge to this account the cost of all material used in the production of natural gas from wells.

E-4. STEAM PLANT LABOR:

Charge to this account the cost of all labor incurred in the production of steam for supplying generators and for operating all steam driven apparatus used in gas generation, labor such as engineer in charge of steam plant and assistants and other labor about the plant.

E-5. STEAM PLANT SUPPLIES AND EXPENSES:

Charge to this account the cost of all material and expenses in the production of steam for supplying generators. Include such supplies as gauge glasses, washers, manhole gaskets, shovels, brooms, boiler compounds, etc.

E-6. GENERATING PLANT LABOR:

Charge to this account the cost of all labor in connection with generating fuel oil gas, or producing water gas, wages of gasmakers and gasmakers' assistants, etc.

E-7. GENERATING PLANT SUPPLIES AND EXPENSES:

Charge to this account all supplies and expenses in generating fuel oil gas or producing water gas, including all material and supplies of this character with the exception of fuel.

E-8. FUEL FOR STEAM:

Charge to this account the cost of fuel oil or coal used in firing boilers in production of steam. This should include the cost of freight and labor unloading.

E-9. OIL OR COAL FOR GAS:

Charge to this account the cost of all oil or coal used in the generators for production of oil or coal gas. This should include the cost of freight and labor unloading.

E-10. MISCELLANEOUS LABOR AT WORKS:

Charge to this account the cost of general labor in and about the works, not specifically engaged in the manufacture of gas, such as that of watchmen, janitors and messengers, laborers employed in cleaning up yard and cleaning out refuse piles.

E-11. MISCELLANEOUS SUPPLIES AND EXPENSES AT WORKS:

Charge to this account all supplies and expenses at works not otherwise provided for.

E-12. GAS FROM OTHER SOURCES:

Charge to this account the cash purchase price of gas bought from other companies for distribution through the system of the accounting corporation, also the corporation's proportion of the cost of production (including maintenance but not including any pure rent or return upon the value of the property employed) of gas produced by another concern for the use of the corporation under any joint arrangement for the sharing of expense upon the basis of the relative amount of benefits to the several participants.

E-13. REPAIRS TO GAS WELLS AND DERRICKS:

Charge to this account the cost of repairs to boilers, engines, derricks, casings, driller's tools and all other necessary equipment used in connection therewith.

E-14. REPAIRS TO GAS PLANT BUILDINGS AND GENERAL STRUCTURES:

Charge to this account the cost of repairs to excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds and furniture and fixtures when permanently attached to and made a part of the buildings.

E-15. REPAIRS TO GAS HOLDERS:

Charge to this account cost of all repairs to all holders at works and outlying stations, including tanks, foundations, holders, framework, guides, pulleys, etc., and inlet and outlet valves of such holders.

E-16. REPAIRS TO FURNACES, BOILERS AND ACCESSORIES:

Charge to this account the cost of repairs to all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This includes repairs to boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes repairs to mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water pipes, heaters and economizers, injectors, filters, feed pumps, blower engines, water pipes, steam traps, drains and separators, and pipes for conducting steam from the boiler to the engine, to condensers, or to gas generators. It does not include repairs to steam pipes whose primary purpose is the heating of buildings.

E-17. REPAIRS TO GAS GENERATORS:

Charge to this account the cost of all repairs to generators devoted to the production of gas from oil. This includes repairs to shells, lining and checking, valves, stacks, etc., specially provided foundations and settings, seals, superheaters and piping connected therewith.

E-18. REPAIRS TO PURIFICATION APPARATUS:

Charge to this account the cost of all repairs to purification apparatus, such as condensers, washers, scrubbers, purifiers, tar extractors, etc., and their auxiliary apparatus and piping, including the cost of repairs to specially provided foundations and settings.

E-19. REPAIRS TO GAS PLANT EQUIPMENT:

Charge to this account the cost of all repairs to steam engines devoted to use as prime movers in gas works. This includes cost of repairs to specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines) shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler.

E-20. REPAIRS TO GAS ENGINES:

Charge to this account the cost of all repairs to gas engines devoted to use as prime movers in gas works and stations. This includes cost

of repairs to specially provided foundations and settings of such engines. The engine includes the inlet valve and governor and ignition and starting apparatus, but not the pipe leading from the gas boiler.

E-21. REPAIRS TO MISCELLANEOUS GAS PLANT EQUIPMENT:

Charge to this account cost of all repairs to miscellaneous power plant equipment at gas works, which is not includible in any of the foregoing accounts. This includes repairs to such mechanical apparatus as belts, pulleys, hangers, countershafts and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

E-22. REPAIRS TO WATER GAS SETS AND ACCESSORIES:

Charge to this account the cost of all repairs to gas sets and accessories, devoted to the production of water gas, including cost of repairs to specially provided foundations and settings for such sets. This account includes cost of repairs to not only generators, carburetors, superheaters, seals and piping connected therewith, etc., but also blast apparatus, oil and steam supplying apparatus, oil and steam heaters, etc. It does not include cost of repairs to pipes whose primary purpose is the warming of buildings.

E-23. REPAIRS TO ACCESSORY EQUIPMENT AT WORKS:

Charge to this account the cost of all repairs to equipment at works and holder stations, which is not includible in any of the foregoing accounts. This includes cost of repairs to exhausters, station meters, governors, etc., apparatus for charging retorts, conveyors for disposing of coke and other products and residuals, tar and ammonia apparatus, pumps, fuel oil, tanks and pipe line.

E-24. REPAIRS TO MISCELLANEOUS PRODUCTION EQUIPMENT:

Charge to this account the cost of all repairs to miscellaneous equipment used in the production of gas energy which is not includible in any of the foregoing accounts. This includes cost of repairs to tools and appliances (working stock only), horses, wagons, harness, autos, motorcycles, furniture and fixtures, roads, trestles, bridges, etc., where used specially in the production of gas.

NOTE.—Where any item of miscellaneous gas plant equipment is jointly used in transmission, distribution or other departments, the cost of such repairs shall be included in appropriate sub-accounts under "General Expenses."

Transmission Expenses.

E-25. TRANSMISSION PUMPING:

Charge to this account the cost of pumping gas through mains to the distribution system, including inspection and regulation of booster governors.

E-26. PATROLLING AND INSPECTING:

Charge to this account all labor engaged in patrolling and inspecting the transmission system between the storage holder and distribution system, including testing of lines and repairs of minor character made by patrolmen.

E-27. GENERAL LABOR AND SUPPLIES:

Charge to this account the cost of material and labor expended in transmission of gas not includible in the foregoing accounts.

E-28. REPAIRS TO TRANSMISSION MAINS:

Charge to this account the cost of repairs of high pressure transmission mains from production plant to distribution system.

E-29. REPAIRS TO BUILDINGS AND GENERAL STRUCTURES:

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing boosters and regulators, including cost of repairs to excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds and furniture and fixtures when permanently attached to and made a part of the building.

E-30. REPAIRS TO BOOSTING APPARATUS AND REGULATORS:

Charge to this account the cost of all repairs to boosting equipment, including blowers, compressors, engines, motors and connections, regulators and governors, and their specially provided foundations and settings.

NOTE.—Do not include district regulators installed in distribution system.

E-31. REPAIRS TO MISCELLANEOUS TRANSMISSION EQUIPMENT:

Charge to this account the cost of repairs to all miscellaneous equipment used in transmission of gas which is not includible in any of the foregoing accounts. This includes cost of repairs to tools and appliances (working stock only), horses, wagons and harness, autos, motorcycles, bicycles, furniture and fixtures, roads, trestles and bridges, etc., where used specifically in the transmission of gas.

NOTE.—Where any items of miscellaneous transmission equipment are jointly used with production, distribution or other departments, the cost of such repairs shall be included in appropriate sub-accounts under "General Expenses."

Distribution Expenses.**E-32. SUPERINTENDENCE:**

Charge to this account the cost of all labor employed in superintending the operation of the street department, fitting and repair shops, including the salaries of superintendents, foremen, clerks, timekeepers, messengers, watchmen, and janitors employed in the distribution department; also include personal and traveling expense, automobile, livery and stable expenses, etc.

E-33. SETTING AND REMOVING METERS AND REGULATORS:

Charge to this account the cost of all supplies consumed and all expenses incurred in connection with the operation of service regulators and consumers' meters. This includes such matters as setting and removing such regulators and meters, connecting and disconnecting services and the like.

E-34. INSPECTING AND PATROLLING:

Charge to this account the cost of patrolling, testing, etc., of gas mains, including minor repairs made by patrolmen, etc.

E-35. GAS METER OPERATIONS:

Charge to this account the salaries and expenses of superintendents and clerks in the meter bureau, and also that portion of the salaries of the engineering staff of the corporation assignable to this work; also the cost of light, heat, ice water and other supplies and expenses in connection with the meter-testing bureau; and the cost of testing meters on the consumers' premises.

E-36. COMMERCIAL ARC LABOR:

Charge to this account the cost of labor employed in trimming and inspecting arc lamps on private consumers' premises and in municipal buildings.

E-37. COMMERCIAL ARC SUPPLIES AND REPAIRS:

Charge to this account the cost of all supplies (such as carbons, globes, etc.), for arc lamps on private consumers' premises; also charge to this account the cost of keeping in repair private consumers' arc lamps and those in municipal buildings; including such matters as setting and removing lamps, repairing parts, changing for repairs and adjustments and testing during adjustment and after repairs.

E-38. COMMERCIAL LAMP INSTALLATIONS AND RENEWALS:

Charge to this account the cost of the first installation of lamps on consumers' premises (including cartage and delivery expenses), unless consumer is charged for the first installation or unless it is proper to charge such first installation to capital (see Account No. C-29); also charge to this account the cost of renewing lamps on consumers' premises (including cartage and delivery expenses) and cost of photometering lamps. Credit to this account any rebate received for the return of stubs, or allowances relating thereto.

E-39. INSPECTION AND REPAIRS OF CONSUMERS' INSTALLATIONS:

Charge to this account the cost of inspection of consumers' premises, including such matters as the charge for municipal certificates, charge for Board of Fire Underwriters' inspection certificates, and that portion

of the salaries and expenses of the engineering staff or of departments other than the distribution department engaged in technical work properly assignable to this account. Also charge to this account the cost of all labor and material furnished to consumers for inside work without special charge, including such matters as attention to complaints or to improving the character of the service, replacing or repairing fixtures or appliances, moving appliances from place to place in houses and reconnecting the same, etc.

E-40. MUNICIPAL STREET ARC LABOR:

Charge to this account the cost of labor employed in cleaning and lighting street lamps, and extinguishing street lights; in inspecting and supervising the street lighting district; in reporting on relights and discontinues, and watching the hours of lighting and extinguishing; and the incidental expenses of street lamp operating.

E-41. MUNICIPAL STREET ARC SUPPLIES:

Charge to this account the cost of material and labor consumed in fitting up new lamp posts, refitting standpipes, clearing services, cutting off services, recaulking columns, removing posts, resetting posts, refitting columns, straightening posts, and all other work of a similar character necessary to maintain the street lighting system to the degree of efficiency required by the city; also repaving openings made necessary by such work.

E-42. GENERAL LABOR AND SUPPLIES:

Charge to this account the cost of labor and material expended, not includible in the foregoing accounts.

E-43. REPAIRS TO DISTRIBUTION MAINS:

Charge to this account the cost of all mains in place. This includes pipe lines from holders or trunk line valves to beginning of services, including cost of trenching, placing pipe, filling trenches, and restoring surface to its former condition, or to that required by the municipal authorities.

E-44. REPAIRS TO GAS SERVICES:

Charge to this account the cost of repairs of the corporation's property in service pipes and appurtenances in or leading to consumers' premises. This includes cost of repairs to material in place, cost of trenching for placing services, and of filling trenches and restoring surface to proper condition.

E-45. REPAIRS TO GAS METERS AND REGULATORS:

Charge to this account the cost of repairs to all meters, district and house type regulators installed for determining the amount of gas delivered to consumers. The cost of the original testing and the setting

of each meter will be charged to this account unless it is the policy of the accounting corporation to capitalize the original setting of meters.

NOTE A.—Do not charge repairs to station regulators to this account.

NOTE B.—Cost of removing such meters and of setting other meters substituted for them shall be charged to this account.

E-46. REPAIRS TO MUNICIPAL STREET LIGHTING SYSTEMS:

Charge to this account the cost of repairs of the corporation's property in the lamps, posts, and auxiliary apparatus and appliances used in lighting streets for a municipal corporation. Such cost includes not only cost of material, but also cost of first setting and coupling up. It does not include cost of removal or change of position.

E-47. REPAIRS TO COMMERCIAL ARC LAMPS:

Charge to this account the cost of repairs to all commercial arc lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

E-48. REPAIRS TO MISCELLANEOUS DISTRIBUTION EQUIPMENT:

Charge to this account the cost of repairs to all miscellaneous equipment used in the distribution of gas which is not includible in any of the foregoing accounts. This includes tools and appliances (working stock only), horses, wagons, and harness, autos, motorcycles, bicycles, furniture and fixtures, roads, trestles, and bridges, etc., where used specifically in the distribution of gas.

NOTE.—Where any items of miscellaneous distribution equipment are jointly used with production, transmission or other departments, the cost of such repairs shall be included in appropriate sub-accounts under "General Expenses."

Commercial Expenses.

E-49. NEW BUSINESS EXPENSES:

Charge to this account the cost of all material and labor expended in getting new business. This includes the cost of advertising, printing posters, handbills, commissions paid canvassers, solicitors, and dealers for introduction and sale of gas appliances, etc., also salaries of advertising manager, collectors, solicitors, together with their personal expenses, livery, etc., and costs of demonstrations and exhibitions.

E-50. FREE INSTALLATION EXPENSES:

Charge to this account the cost of all material and labor expended in furnishing free house piping, free connection of appliances, unless the cost of such services be paid for by the consumers.

E-51. COMMERCIAL DEPARTMENT SALARIES AND EXPENSES:

Charge to this account the cost of keeping the accounts of consumers, including a proportion of the salaries and expenses of the general officer and assistants in charge of the commercial department, and salaries of

bookkeepers and all clerks in the accounting department, having to do with consumers' accounts. This covers all expenses incurred in determining the amount of sales, and in keeping the accounts of such sales and collections as are not includible in the accounts of indexing and collection divisions; also rent of offices.

E-52. COMMERCIAL DEPARTMENT INDEXING:

Charge to this account the cost of reading or indexing meters, including indexers' lamps; also badges and car fare and expenses of indexers, etc.

E-53. COMMERCIAL DEPARTMENT COLLECTIONS:

Charge to this account the expense of the collection bureau, including collectors' salaries or commissions, badges, car fare, etc.

E-54. MISCELLANEOUS COMMERCIAL EXPENSES:

Charge to this account all expenses for salaries and wages and expenses not includible in any of the foregoing accounts.

General and Miscellaneous Expenses.

E-55. SALARIES OF GENERAL OFFICERS:

Charge to this account the salaries of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, and all other officers whose jurisdiction extends to the entire system and whose services can not be satisfactorily allocated to the several departments.

E-56. SALARIES OF GENERAL OFFICE CLERKS:

Charge to this account the salaries and wages of general office auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Cost of labor of clerks in the commercial department shall be charged to account applicable under "Commercial Expenses."

E-57. GENERAL OFFICE SUPPLIES AND INCIDENTAL EXPENSES:

Charge to this account the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been capitalized; wages of janitors, porters and messengers; cost of telegrams and of any special telephone service; traveling and incidental expenses of general officers and other general office employees; and all other miscellaneous expenses of general offices, also rent of general office buildings. Office expenses of departmental officers must be charged to the proper departmental accounts.

E-58. LAW EXPENSES—GENERAL:

Charge to this account all law expenses except those incurred in connection with the defense and settlement of injury and damage claims. Include also salaries and expenses of counsel, solicitors and general attorneys, their clerks and attendants, etc. Also include the cost of law books, printing briefs, legal forms, testimony, reports, fees and retainers of general counsel and attorneys, court costs, and payments of specific notarial and witness fees, expenses of taking depositions and other general law and court expenses; expenses of arbitrators of disputed points will also be included in this account.

E-59. RAILROAD COMMISSION EXPENSES:

Charge to this account all fees, retainers and expenses of counsel, solicitors, attorneys, clerks, attendants, expert witnesses and others whose services are secured in the defense and prosecution of all petitions and other transactions before the Railroad Commission of the State of California. Expenses which are made necessary by rules, regulations and orders of the Commission, as improvements of service, additional inspections, etc., will not be charged to this account, but to the appropriate departmental operating expense account.

E-60. INJURIES AND DAMAGES:

Charge to this account all damages to or destruction of property other than that owned by the corporation, including the cost of restoring the property less insurance or legal damages allowed, and with all expense incident to injury and death of employees and other persons for whose injury or death the corporation is held liable or in the settlement of which claim allowances are made. This embraces judgment for damages and plaintiff's court costs; proportion of salaries and expenses or fees of physicians and surgeons, expense of undertakers, nurses and hospital expenses; transportation of injured persons; medical and surgical appliances; contributions to hospitals; and wages and salaries paid to employees while disabled. The salaries and expenses of the corporation's claim agents, adjusters and their assistants will be charged to this account. The compensation of general solicitors and counsel, or other attorneys of the corporation, while engaged in the defense and settlement of damage suits, will also be included in this account. If it is desired to open an injuries and damages reserve, and to make charges against operating expenses on account of reserve, and to make charges against operating expenses on account of the injuries and damages on some arbitrary basis, the amount so charged shall be credited to the "Injuries and Damages" reserve and the actual expenditure for the purposes above enumerated shall be charged against such reserve account.

Corporations are at liberty to subdivide this account to show the following expenses:

Injuries to Persons.

Damages to Property.

Where such subdivisions are not made, the charge to this account should be so made as to admit of separation over two such subdivisions when called for by the Railroad Commission.

E-61. RELIEF DEPARTMENT AND EXPENSES:

Charge to this account pensions paid to retired employees or representatives of former employees and expenses in connection therewith, salaries and expenses incurred in conducting a relief department, and contributions made to such departments.

E-62. GAS FRANCHISE REQUIREMENTS:

Charge to this account the cost of all service and materials and supplies furnished to municipal corporations in compliance with franchise requirements and for which no payments are received by the corporation; also all direct expense, such as paving and other like matters incurred in compliance with such requirements and for which no reimbursement is received by the corporation.

E-63. OTHER GENERAL EXPENSES:

Charge to this account such incidental expenses as are not provided for in the foregoing accounts, such as cost of publishing notices of stockholders' meetings, of election of directors, annual reports in newspapers, and of dividends declared; and fees and expenses paid to directors.

E-64. INSURANCE:

Charge to this account, monthly, proportion of insurance premiums paid insurance companies for fire, fidelity, boiler, casualty, burglary and other insurance.

NOTE.—In their reports to the Railroad Commission, corporations will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

E-65. REPAIRS TO GENERAL STRUCTURES:

Charge to this account the cost of repairing all buildings and other structures of a permanent character devoted to general corporate purposes, not restricted to gas operations and not includible in any of the departmental accounts; also repair of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming, ventilating, gas pipes and fixtures for lighting, etc., signaling, etc., elevators, etc., and the engines and motors specially provided for operating them, furnaces, boilers, etc., specially provided for producing steam for such engines and for heating,

gas generators specially provided for producing gas for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery installed and mounted therein.

NOTE A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, stables, etc., are in buildings includible in a departmental account, as, *e. g.*, in a power station building, no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NOTE B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of repairing such furnaces and boilers shall be charged to the appropriate departmental account.

E-66. REPAIRS TO GENERAL EQUIPMENT—OFFICE EQUIPMENT:

Charge to this account the cost of repairing all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, typewriters, adding machines, drafting room equipment, and other like office appliances and equipment; also engineering instruments, if it is not desired to distribute such expenses.

E-67. REPAIRS TO GENERAL EQUIPMENT—SHOP EQUIPMENT:

Charge to this account the cost of repairing all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, gas generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts and like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles, except as provided for in appropriate clearing accounts hereinafter described.

NOTE.—If the accounting corporation so desires, this account may be eliminated from operating expenses, and the cost of repairs of equipment listed in this account may be charged to Clearing Account, "Shop Expenses."

E-68. REPAIRS TO GENERAL EQUIPMENT—STORE EQUIPMENT:

Charge to this account the cost of repairing all equipment of general store structures, such as movable counters, movable shelving and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

NOTE A.—Counters, shelving and the like which are permanently attached to the structure shall be charged to Account No. E-65, "Repairs to General Structures," and not to this account.

NOTE B.—If the accounting corporation so desires, this account may be eliminated from operating expenses, and the cost of repairs of equipment listed in this account may be charged to Clearing Account, "Supply Expenses."

E-69. REPAIRS TO GENERAL EQUIPMENT—STABLE AND GARAGE EQUIPMENT:

Charge to this account the cost of repairing all equipment of general stables, and garages, including harness, drays, wagons, automobiles, and

other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

NOTE.—The accounting corporation may, if it so desires, eliminate this account from operating expenses, and charge the cost of repair of the equipment listed herein to proper clearing account as hereinafter provided.

E-70. REPAIRS TO GENERAL EQUIPMENT—MISCELLANEOUS:

Charge to this account the cost of repairing all other equipment, such as laboratory equipment and other tools and instruments and miscellaneous equipment not includible in the foregoing accounts under Repairs to General Equipment, except as provided for in clearing accounts hereinafter described.

E-71. REPAIRS TO TELEPHONE LINES:

Charge to this account the cost of repairing telephone lines for the use of the entire system. These charges should include the cost of repair wires and insulators, crossarms, poles (where devoted solely to supporting telephone lines, telephone instruments, etc.).

E-72. REPAIRS TO ROADS, TRESTLES AND BRIDGES:

Charge to this account the cost of repairing roads, trestles, bridges and tramways required for the transportation of machinery and supplies, or the operation of the corporation.

NOTE.—Do not include in this account repairs to any roads, trestles, or bridges which may be solely for the use of Production, Transmission or Distribution systems.

E-73. GAS EXPENSES TRANSFERRED—CR.:

Credit to this account the proportion of operating expenses (including depreciation and other amortization, as well as repairs) chargeable to other coördinate departments (such as electric or street railroads) within the same corporation, but defrayed in the first instance by the gas department.

NOTE.—Do not credit to this account any allowance in the nature of rent or return upon the cost or value of property.

E-74. JOINT OPERATING EXPENSES—CR.:

When any general or miscellaneous operating expenses are assumed by the accounting corporation for the joint benefit of itself and other gas corporations under an arrangement for apportioning such expense, the portion chargeable to others should be credited to this account. The portion so credited must not include any allowance for profit or return upon the value of the property.

NOTE.—Bills rendered for joint expenses should show the expenses in detail and the debtor corporation should distribute the total amount to its primary expense accounts.

E-75. UNDISTRIBUTED ADJUSTMENTS—BALANCE:

At least once a year an inventory of materials and supplies and of tools shall be taken, and the difference between the inventories and the ledger balances shall be debited or credited to this account in case it can not be assigned to specific accounts as provided under Account No. 9,

"Materials and Supplies." Credit to this account all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation unless such discounts are applied to the particular bills.

E-76. EXTRAORDINARY REPAIRS:

Charge to this account and concurrently credit to account, "Reserve for Extraordinary Repairs," the estimated monthly provision for extraordinary repairs necessitated by sleet storms, fire, flood, etc.

E-77. REPAIRS CHARGED TO RESERVES—CR.:

Credit to this account and charge concurrently to the account, "Reserve for Accrued Depreciation," an amount equal to the cost of extraordinary repairs for which provision has been made in that reserve; also credit to this account and charge concurrently to the insurers or to the insurance reserve an amount equal to the cost of repairs made necessary by casualties when such cost is covered by insurance or an insurance reserve. All such repairs should be charged in the first instance to the proper repair accounts.

Other Expenses.

E-78. RESIDUAL EXPENSE:

Charge to this account all expense specially incurred in connection with the utilization and sale of residuals and by-products, such as coke, tar, ammonia, carbon and other residuals and by-products; separate sub-account must be kept for each commodity.

E-79. STEAM SALES EXPENSE:

This account should be charged with (account Taxes Accrued being credited) regular monthly installments sufficient to cover all taxes imposed by lawful authority.

Taxes.

E-80. TAXES:

This account should be charged with (account Taxes Accrued being credited) regular monthly installments sufficient to cover all taxes imposed by lawful authority.

A. Upon property real, personal and mixed (except assessments for betterment to real estate, which should be charged to account benefited).

B. Upon earnings in addition to or in lieu of taxes upon property.

C. All specific licenses or charges levied upon the corporation based upon or with respect to its capital stock, property or business.

D. The value of all discounts allowed or services rendered in lieu of taxes.

NOTE.—The amount of taxes accrued during any month shall, when the levy is unknown, be estimated, and when the levy is finally determined the estimate shall be corrected in the provision for taxes during the remainder of the year. For example, if at the beginning of the tax year the taxes against the corporation are estimated to be \$600 for the year, the estimated monthly charge will be \$50. If during the fifth month it is found that the levy is \$640, adjustment should be made and a charge of \$55 per month made to Taxes for the remaining eight months of the tax year.

General Amortization of Capital.

E-81. AMORTIZATION OF FRANCHISES AND PATENTS:

Charge to this account each month the amount necessary to cover such portions of the life of franchises and patents as has expired or been consumed during the month. The amount so charged shall be concurrently credited to an appropriate sub-account under Account No. 30, "Reserve for Amortization of Intangible Capital."

NOTE.—The amount charged to this account shall be based upon a rule determined by the accounting corporation and filed with the Railroad Commission. The purpose and effect of such rule should be to accumulate by charges equitably distributed throughout the life of any franchise or patent, a reserve that will, at the expiration of its life, equal the original cost.

E-82. DEPRECIATION OF PLANT AND EQUIPMENT:

Charge to this account monthly the amount estimated to be necessary to cover the depreciation accruing during the month in the corporation's tangible capital. The amount charged to this account shall be concurrently credited to account, "Reserve for Accrued Depreciation."

NOTE.—Charges to the above depreciation account should be reported separately under the following subheads:

- A. Depreciation of Production Capital.
- B. Depreciation of Transmission Capital.
- C. Depreciation of Distribution Capital.
- D. Depreciation of General Capital.

CLEARING ACCOUNTS.

(Not required of Class B and Class C Corporations.)

The following accounts are provided for certain expenses which usually affect several classes of operations but need to be brought together in one account in order that the total of the expenses may be known and properly distributed.

An inventory of tools, harness, vehicles, and other materials and supplies in shops, stores, stables, and garages shall be taken at least once a year, and any loss disclosed by such inventory in excess of the amount taken into account through the depreciation currently charged out should be apportioned to the appropriate expense accounts on the basis of charges made since last inventory.

1. *Shop Expense.* This account or appropriate sub-accounts should be arranged so as to record separately the expenses of the general shops as follows: (1) Salary and wages of shop employees; (2) personal and incidental expenses of such employees; (3) materials and supplies for

general shop use; (4) repairs of tools, machinery and appliances; (5) rent of shop buildings; (6) depreciation of tools, machinery, and appliances.

The shop expense account should be cleared by apportioning the total amount of the expenses to the various jobs on an equitable basis.

2. *Stable and Garage Expense.* This account or appropriate sub-accounts should be arranged so as to record separately the expenses of stables and garages as follows: (1) Salaries and wages of drivers, chauffeurs, stablemen, garagemen, and other employees in stables and garages; (2) personal and incidental expenses of such employees; (3) materials and supplies, including fuel and gasoline, harness, tires, and other supplies for stables and garages; (4) repairs of automobiles and other vehicles and harness; (5) rent of buildings or vehicles; (6) depreciation on vehicles, horses, harness, etc.

Credit to this account any charges for services performed for others.

A record should be kept of the use of teams and automobiles, and each month the total expense should be apportioned to the proper accounts according to use, or the debits to the expense accounts may be made at rates per hour of service which have been found to be fair and to distribute the total expense equitably.

3. *Tool Expense.* Charge to this account all expense for tools (except shop tools carried as supplies unissued). It includes the cost of small hand tools of which no account is kept after issue; the cost of repairing tools; the cost of tools lost or stolen, and depreciation on tools taken out of service because of breakage or other deterioration.

This account should be cleared by adding to the expense of repairs and cost of plant installed each month such amounts as will equitably distribute the total monthly expense for tools.

4. *Supply Expense.* Charge to this account or to appropriate sub-accounts all expenses (except insurance and taxes) incurred directly in connection with the purchase, storage, handling, and distribution of materials and supplies and stationery. It includes the pay and expenses of purchasing agents, managers of stores, clerks, and laborers; rents of stores, cost of lighting, heating, and undistributed freight and express charges, and the estimated depreciation on supplies due to breakage, leakage, shortage, and wear and tear. This account should be cleared by adding to the cost of materials and supplies passing through stores a suitable loading charge which will equitably distribute the total cost of conducting the stores, and by adding to the cost of such supplies as are bought by the purchasing department pro rata share of the total expenses of the purchasing department.

5. *Engineering Expense.* Charge to this account or appropriate sub-accounts all expenses for engineering so as to show separately the

following: (1) Salaries and wages; (2) personal and incidental expenses of engineering department employees; (3) rent of office and office expenses.

This account should be cleared by apportioning the total expenses to Operating Expenses and Fixed Capital accounts on the basis of service rendered, as determined by the actual time devoted to particular jobs or on an equitable basis fixed by the officers of the corporation.

6. *Plant Supervision Expense.* Charge to this account the cost of general supervision of the maintenance and construction of the plant where a separate department of the corporation's organization is charged with such supervision. It includes the pay and expenses of the plant supervising officers, such as the general plant superintendent, district plant superintendent, plant engineers and their office and field forces, charged with planning for and superintending the work of maintenance and plant construction.

The account or appropriate sub-accounts should be so arranged as to show in detail the expenses of the plant supervision department as follows: (1) Salaries and wages; (2) personal and incidental expenses of employees; (3) rent of office and office expenses.

This account should be cleared each month by charging directly to the appropriate accounts such expenses as can be allocated to particular pieces of work and by charging out the balance on the basis of labor employed in all construction or maintenance work in progress during the month.

NOTE.—The pay of general foreman and foremen in direct charge of jobs should be included in the cost of the job and not charged to this account.

Every gas corporation shall include in its expense depreciation charges for the purpose of creating proper and adequate reserves to cover the expenses of depreciation currently accruing in its fixed capital, and for that purpose three accounts are provided for the expense of depreciation as above: Account E-82, "Depreciation of Plant and Equipment"; Account E-76, "Extraordinary Repairs"; Account E-81, "Amortization of Franchises and Patents."

By "Expense of Depreciation" is meant the loss suffered through the current lessening in value of tangible property from wear and tear, decay, obsolescence, or inadequacy resulting from use, age, physical change or supersession by reason of new inventions and discoveries, changes in popular demand, or public requirements; also losses suffered through destruction of property by extraordinary casualties and decreases in the value of intangible property through lapse of time.

The amount charged as expense of depreciation shall be based upon values determined by the accounting corporation. Such rules may be devised from a consideration of the corporation's history and experi-

ence. Whatever may be the basis, the rules and a sworn statement of the facts and expert opinions and estimates upon which they are based shall be filed with the Railroad Commission. Each amendment of any rule, together with statements and opinions, shall also be filed with the Railroad Commission before they are put into effect by the accounting corporation, and shall show the date when they are to become effective.

GAS CORPORATIONS.

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